

Introduced by Senator Cox

February 16, 2005

An act to amend Section 19823 of, and to amend the heading of Article 2 (commencing with Section 19823) of Division 5 of Title 2 of, the Government Code, relating to state merit awards.

LEGISLATIVE COUNSEL'S DIGEST

SB 311, as introduced, Cox. State Merit Awards Program.

Existing law authorizes the Department of Personnel Administration to make awards not to exceed \$5,000 each, except as specified, to current or retired state employees who, among other things, by their superior accomplishments, make exceptional contributions to the efficiency, economy, or other improvement in the operations of the state government. The department is required to establish procedures and standards for making these awards. The Director of Personnel Administration is authorized to adopt rules and regulations to carry out these provisions and may appoint merit award boards made up of state officers, employees, or citizens to consider employee proposals, and any special acts, special services, or superior accomplishments of current or retired state employees.

The Ralph C. Dills Act, which regulates state employer-employee relations, provides, among other things, that once an employee organization is recognized as the exclusive representative of an appropriate bargaining unit, it may meet and confer with the Governor or his or her representative regarding wages, hours, and other terms and conditions of employment and, if agreement is reached, the Governor and the recognized employee organization are required to jointly prepare a memorandum of understanding which shall be presented, when appropriate, to the Legislature for determination.

This bill would establish the State Merit Awards Program in the department. It would provide that, for any bargaining unit subject to a memorandum of understanding, the program is a bargainable and negotiable issue pursuant to the Ralph C. Dills Act. It would authorize the department to make awards pursuant to these provisions and any memorandum of understanding subject to the act and would require the department to undertake changes and administrative actions to ensure, beginning with the 2006–07 fiscal year, that the program will at a minimum achieve specified performance levels of suggestions submitted by state employees and adopted by the department. The bill would also require, beginning April 1, 2006, that the department report quarterly to the Legislature its progress in meeting this goal and would subject the department to specified requirements if this goal is not met.

The bill would also require the director to adopt rules and regulations to carry out the program and to appoint a merit awards board composed of specified members who would be required to exercise final authority with respect to the disposition of disputed employee suggestions. The bill would revise the amount of the award that may be made pursuant to these provisions to an amount not less than \$100 and not to exceed \$50,000, subject to the specified exception. The bill would also add procedures for the calculation of awards based on annual net savings or increased revenues or improved procedures or safety scale.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The heading of Article 2 (commencing with
- 2 Section 19823) of Division 5 of Title 2 of the Government Code
- 3 is amended to read:
- 4
- 5 Article 2. ~~Employee~~ *State Merit Awards Program*
- 6
- 7 SEC. 2. Section 19823 of the Government Code is amended
- 8 to read:
- 9 19823. (a) *The State Merit Awards Program is hereby*
- 10 *created in the Department of Personnel Administration.*

1 ***(b) For any bargaining unit subject to a memorandum of***
2 ***understanding, the State Merit Awards Program is a bargainable***
3 ***and negotiable issue pursuant to the Ralph C. Dills Act (Chapter***
4 ***10.3 (commencing with Section 3512) of Division 4 of Title 1).***

5 ***(c) The department may, pursuant to this article or a***
6 ***memorandum of understanding entered into pursuant to***
7 ***subdivision (b), make awards to current or retired state***
8 ***employees who do any of the following:***

9 ***(1) Propose procedures or ideas which hereafter have been***
10 ***that are adopted and which placed into effect and that will result***
11 ***in eliminating or reducing state expenditures or improving state***
12 ***operations; provided, the proposals are placed in effect.***

13 ***(2) Perform special acts or special services in the public***
14 ***interest.***

15 ***(3) By their superior accomplishments, make exceptional***
16 ***contributions to the efficiency, economy, or other improvement***
17 ***in the operations of the state government.***

18 ~~***(b) Awards for superior accomplishments shall be made in***~~
19 ~~***accordance with***~~

20 ***(d) The department shall adopt procedures and standards***
21 ***established by the department. for awards and shall undertake***
22 ***changes and administrative actions to ensure that the State Merit***
23 ***Awards Program will at a minimum achieve the following***
24 ***performance levels:***

25 ~~***(e)***~~

26 ***(1) In the 2006–07 fiscal year: 1,500 suggestions with 150***
27 ***adopted.***

28 ***(2) In the 2007–08 fiscal year: 3,000 suggestions with 300***
29 ***adopted.***

30 ***(3) In the 2008–09 fiscal year: 4,500 suggestions with 450***
31 ***adopted.***

32 ***(4) In the 2009–10 fiscal year: 6,000 suggestions with 600***
33 ***adopted.***

34 ***(5) In the 2009–10 fiscal year and each fiscal year thereafter,***
35 ***the suggestion submission and adoption rates shall increase at***
36 ***least 10 percent over the previous year.***

37 ***Beginning April 1, 2006, the department shall report quarterly***
38 ***to the Legislature on its progress in meeting these annual goals.***
39 ***If an annual production goal is not met, the department shall***

1 *report the reasons for the failure and the steps that will be taken*
2 *to meet the goal.*

3 ~~(e) Any award made by the department under the provisions of~~
4 ~~this section may be paid from the appropriation available to the~~
5 ~~state agency affected by the award.~~

6 ~~(d)–~~

7 ~~(f) The director may shall adopt rules and regulations to carry~~
8 ~~out the provisions of this section, and may this article.~~

9 ~~(g) The director shall appoint a merit award boards made up~~
10 ~~of state officers, employees, or citizens to consider employee~~
11 ~~proposals, special acts, special services, or superior~~
12 ~~accomplishments, and to make awards board composed of all of~~
13 ~~the following:~~

14 ~~(1) Two state officers, including one from the department.~~

15 ~~(2) Two representatives from state employee unions, including~~
16 ~~one from the California State Employees Association (CSEA).~~

17 ~~(3) Three nonstate employee members appointed from the~~
18 ~~private sector, one of whom may be a retired state employee.~~

19 ~~(h) The board shall do both of the following:~~

20 ~~(1) Exercise final authority with respect to the disposition of~~
21 ~~disputed employee suggestions and suggestions affecting multiple~~
22 ~~state departments. Dispositions of disputed suggestions shall not~~
23 ~~be delegated to the staff of the board.~~

24 ~~(2) Make recommendations to the department as to the merits~~
25 ~~of the employee proposals, special acts, special services, or~~
26 ~~superior accomplishments, and whether or not the proposals,~~
27 ~~special acts, special services, or superior accomplishments justify~~
28 ~~an award.~~

29 ~~(e) Any award granted under the provisions of this section~~
30 ~~shall be limited to five~~

31 ~~(i) (1) Any award granted pursuant to this article, or as~~
32 ~~authorized pursuant to a memorandum of understanding, shall~~
33 ~~not be less than one hundred dollars (\$100) or exceed fifty~~
34 ~~thousand dollars (\$5,000) (\$50,000), unless a larger award is~~
35 ~~approved by concurrent resolution of the Legislature.~~

36 ~~(f)–~~

37 ~~(2) Cash awards shall be calculated in the following manner:~~

38 ~~(A) Where annual net savings or increased revenues cannot be~~
39 ~~determined, or are calculated as six thousand dollars (\$6,000) or~~

less, a cash award may be recommended in accordance with the following improved procedures or improved safety scales:

IMPROVED PROCEDURES				
DEGREE OF BENEFIT	EXTENT OF APPLICATION			
	NARROW		BROAD	
	FREQUENCY OF OCCURRENCE			
	Low	High	Low	High
MINOR	\$150	\$300	\$300	\$600
MODERATE	\$250	\$500	\$500	\$1,000
MARKED	\$400	\$800	\$800	\$1,600

- 1 PRINTER PLEASE NOTE: TIP-IN MATERIAL TO BE
- 2 INSERTED

1 (B) *Where annual net savings or increased revenues are*
2 *calculated as more than six thousand dollars (\$6,000), the cash*
3 *award shall be either 25 percent or 20 percent of the net savings*
4 *or increased earnings realized by the state agency during the*
5 *first year following adoption of the suggestion when the*
6 *following conditions apply:*

7 (i) *Twenty-five percent if the idea was implemented*
8 *substantially as proposed.*

9 (ii) *Twenty percent if the idea required substantive refinement*
10 *for implementation, or an alternative solution was adopted as a*
11 *result of the proposal, or the proposal results in a one-time*
12 *savings or benefit.*

13 (j) Any expenditures made or costs incurred ~~heretofore or~~
14 ~~hereafter~~ by the director for the purposes of this ~~section~~ *article*
15 may be paid from funds available for the support of the
16 department.

17 ~~(g) This subdivision shall only apply to state employees in~~
18 ~~State Bargaining Unit 16.~~

19 (k) If the provisions of this ~~section~~ *article* are in conflict with
20 the provisions of a memorandum of understanding reached
21 pursuant to Section 3517.5, the memorandum of understanding
22 shall be controlling without further legislative action, except that
23 if the provisions of the memorandum of understanding require
24 the expenditure of funds, the provisions may not become
25 effective unless approved by the Legislature in the annual Budget
26 Act.